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Attorneys Sun Health Corporation

**BEFORE THE ARIZONA CORPORATION COMMISSION**

MARC SPITZER,  
CHAIRMAN  
WILLIAM A. MUNDELL,  
COMMISSIONER  
JEFF HATCH-MILLER,  
COMMISSIONER  
MIKE GLEASON,  
COMMISSIONER  
KRISTIN K. MAYES  
COMMISSIONER

IN THE MATTER OF THE  
APPLICATION OF ARIZONA-  
AMERICAN WATER COMPANY, AN  
ARIZONA CORPORATION, FOR A  
DETERMINATION OF THE CURRENT  
FAIR VALUE OF ITS UTILITY PLANT  
AND PROPERTY AND FOR INCREASES  
IN ITS RATES AND CHARGES BASED  
THEREON FOR UTILITY SERVICE BY  
ITS SUN CITY WEST WATER AND  
WASTEWATER DISTRICTS.

IN THE MATTER OF THE  
APPLICATION OF ARIZONA-  
AMERICAN WATER COMPANY, INC.,  
AN ARIZONA CORPORATION, FOR A  
DETERMINATION OF THE CURRENT  
FAIR VALUE OF ITS UTILITY PLANT  
AND PROPERTY AND FOR INCREASES  
IN ITS RATES AND CHARGES BASED  
THEREON FOR UTILITY SERVICE BY  
ITS SUN CITY WATER AND  
WASTEWATER DISTRICTS.

Docket Nos. WS-01303A-02-0867  
WS-01303A-02-0868  
W-01303A-02-0869  
WS-01303A-02-0870  
W-01303A-02-0908

**INTERVENOR SUN HEALTH  
CORPORATION'S NOTICE OF  
FILING TESTIMONY SUMMARY**

Arizona Corporation Commission  
**DOCKETED**

DEC - 5 2003

DOCKETED BY	
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1 IN THE MATTER OF THE  
2 APPLICATION OF ARIZONA-  
3 AMERICAN WATER COMPANY, AN  
4 ARIZONA CORPORATION, FOR A  
5 DETERMINATION OF THE CURRENT  
6 FAIR VALUE OF ITS UTILITY PLANT  
AND PROPERTY AND FOR INCREASES  
IN ITS RATES AND CHARGES BASED  
THEREON FOR UTILITY SERVICE BY  
ITS MOHAVE WATER AND HAVASU  
WATER DISTRICTS.

7 IN THE MATTER OF THE  
8 APPLICATION OF ARIZONA-  
9 AMERICAN WATER COMPANY, AN  
10 ARIZONA CORPORATION, FOR A  
11 DETERMINATION OF THE CURRENT  
12 FAIR VALUE OF ITS UTILITY PLANT  
AND PROPERTY AND FOR INCREASES  
IN ITS RATES AND CHARGES BASED  
THEREON FOR UTILITY SERVICE BY  
ITS ANTHEM WATER, AGUA FRIA  
WATER AND ANTHEM/AGUA FRIA  
WASTEWATER DISTRICTS.

13 IN THE MATTER OF THE  
14 APPLICATION OF ARIZONA-  
15 AMERICAN WATER COMPANY, AN  
16 ARIZONA CORPORATION FOR A  
17 DETERMINATION OF THE CURRENT  
18 FAIR VALUE OF ITS UTILITY PLANT  
AND PROPERTY AND FOR INCREASES  
IN ITS RATES AND CHARGES BASED  
THEREON FOR UTILITY SERVICE BY  
ITS TUBAC WATER DISTRICT.

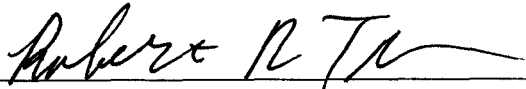
19 Sun Health hereby provides Notice of Filing the Summary of Testimony for Sun  
20 Health Witness William T. Sellner.

21 ...

22 ...

1                    RESPECTFULLY SUBMITTED this 5<sup>th</sup> day of December, 2003.

2                    JENNINGS, STROUSS & SALMON, P.L.C.

3  
4                    By 

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11                  ORIGINAL and 21 copies of the  
12                  foregoing hand-delivered this  
13                  5<sup>th</sup> day of December, 2003, to:

14                  Docket Control  
15                  1200 W. Washington  
16                  Phoenix, AZ 85007

17                  COPIES of the foregoing sent via email or mailed  
18                  this 5<sup>th</sup> day of December, to:

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**SUMMARY OF SUN HEALTH'S WITNESS WILLIAM SELLNER  
THROUGH REBUTTAL TESTIMONY IN THE RATE CASES  
FILED BY ARIZONA-AMERICAN WATER COMPANY, INC.  
DOCKET NO. WS-01303A-02-0867 ET AL.**

**RATE DESIGN**

- Sun Health's testimony is focused on Staff's proposed rate design.
- Staff is proposing a three-tiered inverted rate structure with break over points at 4,000 and 100,000 gallons for the purpose of promoting efficient water use, a conservation rate.
- Sun Health supports the goal of water conservation but is concerned that staff's proposal will not result in reduction of water usage. Sun Health asserts the rate design by staff fails to account for differences in reasonable usage across customer classes. A reasonable consumption requirement for a residential user is not the same as an industrial user. Because staff's proposal fails to account for these differences, the break overpoints are set far too low for industrial customers usage requirements. As a result, industrial users will not make an effort to reduce consumption below those break points because often it will be impossible to do so. For example, Sun Health's hospital facilities utilize an average of just over 6,000,000 gallons of water per month. It would be impossible for Sun Health to reduce its water consumption below 100,000 gallons per month and still provide service.
- Sun Health also expressed its concern that the rate design would result in the hospital subsidizing the rates of other water users. Based on rebuttal testimony provided by American Water Company's witness, Mr. Kozoman, it appears that staff's proposal will shift a large portion of the revenue requirements to customers using over 100,000 gallons monthly.
- Sun Health states that it is seeking to establish separate break over points for hospitals and similar facilities to provide reasonable and attainable goals for reduction in consumption.
- Sun Health then described a number of measures it currently takes to reduce its water consumption including timers on sprinklers and drip plan irrigation systems, monitoring its run-off from landscaping use of water minimizer plumbing fixtures, automatic blow down systems on boilers closed loop water cooling on water seal pumps to eliminate water flow to drains.
- Sun Health also described its facilities that would be impacted by this rate case. Those facilities include the Walter O. Boswell Memorial Hospital with 343 beds, the Del E. Webb Memorial Hospital with 269 beds, the Sun Health Care Center, Sun Health Home Care Services, Sun Health Alzheimer's Residence, the Sun Health Hospice Care Services and the Sun Health Residence for Special Adults.

- Sun Health also described the number of people it serves in a community. In 2002, Sun Health treated almost 30,000 in patients and more than 62,000 emergency department patients, as well as providing 190,000 out patient procedures.
- Sun Health also described its financial structure as a non-profit tax exempt entity that supports its activities primarily based on contributions as well as investment revenue generated by Sun Health Properties, Inc.